

**TOWN OF GRANBY  
BOARD OF FINANCE  
SPECIAL MEETING MINUTES  
JANAURY 9, 2012**

**PRESENT:** Michael Guarco, Chairman; Gordon Bischoff, Francis Brady, and Al Wilke

**OTHER ATTENDEES:** William F. Smith, Jr., Town Manager; John Adams, First Selectman; Alan Addley, Superintendent of Schools; J. Cal Heminway, BOE Chairman; Dennis Dix, Dixworks, LLC; Richard Thivierge, William Blair & Company, LLC

The meeting of the Board of Finance was called to order by Chairman Michael Guarco at 7:30 p.m.

**MINUTES**

The Board reviewed the meeting minutes of November 28, 2011 and December 12, 2011. **ON A MOTION** by Gordon Bischoff, seconded by Francis Brady, the Board voted unanimously (4-0-0) to approve the minutes as presented.

**DISCUSSION ON MUNICIPAL INTEREST RATES AND RATING AGENCY REVIEWS**

Town Manager Smith introduced Dennis Dix of Dixworks, LLC, a municipal financial advisory services company, and Richard Thivierge of William Blair & Company, LLC, a global investment firm offering investment banking, asset management, equity research, institutional and private brokerage, and private capital to individual, institutional, and issuing clients.

Historically, in place are low interest rates for the last six months of this year. Mr. Dix distributed some documents for discussion purposes only: Yield Curve Scales in .05 Resolution and Capital Projects Financing Projections. These documents showed the market for bond activity and rating and issuances and breakdown of underwriting. He commented treasury bonds' yield are down, less than 2%. The 'AA' rating that the Town of Granby has is a financial marketing opportunity.

Mr. Thivierge distribute some documents for discussion purposes only:

- ❑ Town of Granby Summary of Bonded Debt Outstanding
  - This page showed the principal outstanding and cumulative principal retired figures.
    - 2012 - \$13.5M principal outstanding; 10.15% cumulative principal retired
    - 2016 - \$8.5M principal outstanding; 45.54% cumulative principal retired (50% pay down in the 5<sup>th</sup> year)
- ❑ Recent 'AA' Market Comparables
  - This page showed recently Government Obligation Refunding Bonds, Series 2012 with the trade spread figures.
- ❑ Municipal Yield Curve Comparison
  - This page showed 'AAA' rated bond curves during the past seven years.
    - 1- 5 years shows a steepness in the curve; 1-10 years shows a curve; 1-15 years shows leveling out

A general discussion was held. Some highlights were:

- ❑ Borrowing at low interest rates for a 20 year bond is better than short term borrowing for one year.
- ❑ Retiring the debt in ten years for a 20 year bond is good. It becomes a rapid debt retirement. Granby carries out this type of practice.
- ❑ Market investors look at towns to see how they are addressing capital improvements since towns do not go out of business.
- ❑ When applying for bonds, the town should include a sentence on how the town had to use the general fund to pay for the aftermath storm debris removal.
- ❑ A suggestion was made to make plans to put aside money to replenish the general fund after paying for the storm debris removal.
- ❑ The rating agency would like to see that the town is doing exactly what it planned to do.

Chairman Guarco thanked Messrs. Dix and Thivierge for attending the meeting and providing their thoughts on bonding activity.

## **PRELIMINARY REVIEW OF TOWN AND BOARD OF EDUCATION PLUS ONE OPERATING BUDGETS**

Superintendent Addley gave an overview of the school's Plus One operating budget report. Some of the highlights were:

- Enrollment is projected to decrease over the next ten years.
- Operating budget projections summary for FY 13 is 1.3%.
- FY13 new personnel/program requests are not reflected as additions in the Plus One operating budget figures.
  - Integrated Preschool
  - Full-day kindergarten
  - Mandarin Chinese
  - World Language
  - Guidance Counselor
  - Instructional Coach (K-12)
  - Software, computer redeployment, athletics and extracurricular activities, new texts, contracts, transportation, technology, energy savings, special education, and health costs.

When asked about the feed to Board of Education retiree's pension fund, Superintendent Addley indicated it was current. Superintendent Addley commented the technology improvement is for the middle school and high school to complete the wireless access. This would provide high quality Internet, voice, video, network, and data services to students and faculty.

Town Manager Smith gave an overview of the town's Plus One operating budget report. Some of the highlights were:

- No enhancements to the town have been made.
- Existing wages and salaries for full and part-time is approximately 2.6% overall increase.
- Existing fringe benefits at approximately 10%.
- Fire Department Contract obligation is at a slight increase. The Fire Department has increased expenses and conversations are being held to discuss how to handle these upcoming expenses.

- Police training, salt, and building repairs are also added for an additional amount of \$18,000.
- Overall, approximately \$271,000 is required for town operational needs in FY 2013.

When asked by Chairman Guarco, Town Manager Smith indicated two union contracts are coming up for negotiation.

First Selectman Adams commented that the Public Works Department is still working with a decreased staff and Granby Public Library still has decreased hours. This staff decrease has impacted the department. It was especially seen during the storm and emergency clean up this past October. The library is a viable resource to the town and the community uses it.

It was again discussed that plans should be made to replenish the general fund as a result of the storm cleanup. The reimbursement from this expense is not anticipated to be received for awhile (at least 6-8 months).

Mr. Brady commented that both boards have been frugal in their operating budgets for the last couple of years and he is more inclined to approve a slight increase in budgets this year. He is interested in the results of the machine vote for the capital improvement project before discussing and finalizing budgets. Mr. Bischoff also expressed his interest in the results of the machine vote and his participation in more of the budget documents.

#### **CONFIRM DATE OF NEXT MEETING**

A Three Board Meeting (Boards Education, Finance, and Selectmen) is anticipated to be scheduled on January 23, 2012.

#### **ADJOURNMENT**

**ON A MOTION** by Gordon Bischoff, seconded by Al Wilke, the Board voted unanimously (4-0-0) to adjourn the meeting at 9:36 p.m.

Respectfully submitted,

Patricia I. Chieski  
Recording Secretary